



Press Release
HERBOCHEM INDUSTRIES PRIVATE LIMITED
January 27, 2026
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	175.00	ACUITE BBB Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	175.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long term rating of '**ACUITE BBB**' (**read as ACUITE triple B**) on the bank facilities of Rs.175.00 Crore of Herbochem Industries Private Limited (HIPL). The outlook is '**Stable**'.

Rationale for rating

The rating takes into account the improved operating and profitability margins, which stood at 7.36% and 2.16% respectively in FY2025, albeit with a decrease in operating income, which stood at Rs.374.74 Cr. in FY2025 against Rs.421.80 Cr. in FY2024 owing to the decrease in sales volume in FY2025 as compared to the previous year. Moreover, the company has registered revenue of over Rs.200.00 Crore till 31st December, 2025 and has a good volume of unexecuted orders in hand as on 30th November, 2025. Additionally, the financial risk profile of the company remained moderate, marked by gearing at 1.60 times as on March 31, 2025 and interest coverage ratio and debt service coverage ratio at 2.33 times and 1.53 times respectively as on 31st March 2025. The liquidity position of the company is also adequate supported by sufficient net cash accruals against its debt repayment obligations and moderate current ratio. However, the above-mentioned strengths are partly offset by the intensive nature of working capital operations marked by GCA days of 217 days as on 31st March 2025, higher reliance on short-term borrowings, and susceptibility to input price volatility risk attributed to the seasonal nature of the industry.

About the Company

Herbochem Industries Private Limited (HIPL) was initially started as a proprietorship, and thereafter the company was incorporated in 2021. It is situated at Barabanki, Uttar Pradesh and engaged in the manufacturing of menthol and its allied products. The company is manufacturing various aroma chemicals & fine fragrance products. HIPL remains the only operation factory in Barabanki, which gives it a procurement advantage of quality natural raw material. The directors of the company are Mr. Hari Prasad Gupta and Mr. Ashish Gupta.

Unsupported Rating

Not applicable

Acuite has considered the standalone business and financial profile of Herbochem Industries Private Limited (HIPL) to arrive at the rating.

Key Rating Drivers

Strengths

Established track record of operations and Experienced management

The company started its operations in 2021 and prior to that, it was a proprietorship firm and has a long track record of experience in the mentha industry. HIPL is engaged in the manufacturing of Mentha and its allied products, wherein the company is a leading producer of mint ingredients, including natural menthol and mint blends. The products of the company cater to various sectors, including FMCG, pharmaceuticals, flavor and fragrances, etc. The promoters of the company have more than five decades of experience in the same line of business, which has benefitted the company to have established relationships with customers and suppliers. Acuite believes that the company will continue to derive benefit from the established track record of operations and experienced management's strong understanding of market dynamics.

Improved profitability margins albeit decrease in operating income

The operating income of the company stood at Rs.374.74 Cr. in FY2025 as against Rs.421.80 Cr. in FY2024 owing to the decrease in sales volume in FY2025 as compared to the previous year. Despite the decrease in revenue, the EBITDA margin of the company improved and stood at 7.36% in FY2025 as against 6.78% in FY2024 on the back of the value-added product portfolio of the company, which command higher realizations. Likewise, the PAT margin stood at 2.16% in FY2025 against 1.99% in FY2024. Moreover, the company has registered revenue of over Rs.200 Crore till 31st December, 2025. The revenue is further backed by a good volume of unexecuted orders in hand alongside the inflow of additional orders wherein delivery of the same is expected as per the nature of the orders. Going forward, the company is expected to benefit from its diversified, value-added flavor and fragrance product portfolio. However, the ability of the company to improve its profitability margins while scaling up its operations in the near to medium term will remain a key rating sensitivity.

Moderate Financial risk profile

The financial risk profile of the company is marked by tangible net worth, which stood at Rs.97.66 Crore as on 31st March 2025 as against Rs.86.95 Crore as on 31st March 2024. The increase in the net worth is on account of the accretion of profits into reserves and the treatment of unsecured loans as quasi equity. The capital structure of the company is marked by gearing ratio which stood at 1.60 times as on 31st March 2025 as against 1.83 times as on 31st March 2024. Moreover, the coverage indicators are reflected by the interest coverage ratio and debt service coverage ratio, which stood at 2.33 times and 1.53 times respectively as on 31st March 2025 against 2.47 times and 1.57 times as on 31st March 2024. The TOL/TNW ratio of the company stood at 1.67 times as on 31st March 2025 against 1.92 times as on 31st March 2024 and DEBT-EBITDA stood at 5.61 times as on 31st March 2025 against 5.54 times as on 31st March 2024 due to high reliance on short-term borrowings. Furthermore, the company incurs capex annually in the range of Rs.7.00 Cr. to Rs.10.00 Cr. and the same is funded by the internal cash accruals of the company. Acuite expects the financial risk profile of the company to remain in similar range in the absence of any major debt-funded capex plans in the near to medium term.

Weaknesses

Intensive Working capital operations

The working capital operations of the company are intensive, marked by GCA days which stood at 217 days as on 31st March, 2025 as against 188 days as on 31st March, 2024. The high GCA days are on account of higher inventory holding period, which stood at 159 days as on 31st March, 2025 against 134 days as on 31st March, 2024 since the company needs to

maintain adequate inventory, as and when required for order execution. The company deals with overseas clients requiring a healthy credit period, despite same, the debtor days of the company are managed efficiently and stood at 49 days as on 31st March 2025 against 46 days as on 31st March 2023. Further, the creditor days stood at 2 days as on 31st March, 2025 against 3 days as on 31st March, 2024. Acuite expects the working capital operations of the company to remain in similar range in the near to medium term owing to the nature of operations.

Price volatility risk and competition

The raw material of the product is inherited to the susceptibility of price volatility risk attributed to its seasonal nature and dependence on the weather conditions, linked to the international price, besides demand in the market. Further, competition puts pressure on margins, thereby reducing bargaining power with customers for players. Acuité believes that the ability of the company to pass on such an adverse impact to its customers remains a key sensitivity factor.

Rating Sensitivities

- Movement in topline and profitability margins.
- Movement in the financial risk profile.
- Working Capital Operations.

Liquidity Position

Adequate

The liquidity profile of the company is marked by net cash accruals of Rs.12.85 Crore as on 31st March, 2025 against debt repayment obligations of Rs.4.27 crore in the same period. Additionally, the cash and bank balance available with the company stood at 2.47 Cr. as on 31st March, 2025 and unencumbered bank deposits stood at 4.27 Cr. as on 31st March, 2025. The current ratio of the company stood at 1.43 times as on 31st March, 2025 as against 1.39 times as on 31st March, 2024. Moreover, the fund-based bank limits stood utilized at 96.34% in the last six months ending December, 2025. Acuite expects the liquidity profile of the company to remain adequate in the near to medium term with sufficient accruals to repayments, moderate current ratio and the absence of any major debt-funded capex plans.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	374.74	421.80
PAT	Rs. Cr.	8.08	8.37
PAT Margin	(%)	2.16	1.99
Total Debt/Tangible Net Worth	Times	1.60	1.83
PBDIT/Interest	Times	2.33	2.47

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
29 Oct 2024	Cash Credit	Long Term	16.00	ACUITE BBB Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	29.00	ACUITE BBB Stable (Assigned)
	Cash Credit	Long Term	45.00	ACUITE BBB Stable (Assigned)
	Cash Credit	Long Term	85.00	ACUITE BBB Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
INDUSIND BANK LIMITED	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	60.00	Simple	ACUITE BBB Stable Reaffirmed
AXIS BANK LIMITED	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	45.00	Simple	ACUITE BBB Stable Reaffirmed
YES BANK LIMITED	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	16.00	Simple	ACUITE BBB Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE BBB Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	FBN/FBP/FBD/PSFC/FBE	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE BBB Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE BBB Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	11.00	Simple	ACUITE BBB Stable Reaffirmed

* Full interchangeability between EPC/PCFC , FBP and CC limits from State Bank of India.

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About Acuité Ratings & Research

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